



Valsts ieņēmumu
dienests

Methodological Material
FOR FOREIGN MERCHANTS
on Payment of Natural Resources Tax



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Contents

Area of Activity 3
Taxpayer 5
Tax Rate 7
Calculation, Declaration and Payment Procedures 9

Area of Activity



The system of natural resources tax payers of the Republic of Latvia involves also foreign merchants, for whom an object of the natural resources tax forms, i.e., **foreign merchants must pay the natural resources tax** into the State budget of Latvia, as a taxpayer is a person who is the first to sell goods harmful to the environment or goods in packaging in the territory of the Republic of Latvia or to import them for ensuring its economic activities (also the primary, secondary and tertiary packaging added to goods, which is imported along with the goods).

“The first to sell in or import into the territory of the Republic of Latvia” — within the meaning of the Natural Resources Tax Law, this concept means that a natural resources tax payer is a person who is the first to import goods harmful to the environment or goods in packaging into Latvia (i.e., the first to cross the border of the Republic of Latvia) or the first to use them for ensuring its economic activities.

Example 1

A foreign merchant imports goods packed in polypropylene bags into Latvia; the foreign merchant does not sell them, but rather stores them at a warehouse in Latvia and later sells them in European Union Member States. This packaging of goods, imported in Latvia for the first time, is not subject to the natural resources tax, as it is not sold in the territory of Latvia, but rather in other European Union Member States.

Goods harmful to the environment — goods, with regard to the manufacturing or distribution of which restrictions have been introduced or the waste management of which is subject to specific requirements, if they have or may have a negative impact on the environment, life or health of human beings during the cycle of circulation thereof.

Goods in packaging — packaging is a set of items added to goods, which are used to pack, protect, contain, deliver, store, easily use and sell raw materials and finished goods, as well as familiarise with them during the entire life cycle of the packaging from the manufacturer to the consumer. Plastic carrier bags, as well as the packaging and packaging material added by the service provider to goods and received by the service recipient after the provision of the service, are considered to be packaging. Packaging is separated from a product prior to or during the consumption of the latter.

Example 2

The tax must be paid for film as packaging only when this film fulfils the function of packaging and is sold together with the product packed therein or added to an item as the result of provision of a

Example 3

If a foreign merchant (for example, an e-store) uses a cardboard box for the packaging of goods sold in the Republic of Latvia, the tax must be paid for the

NATURAL RESOURCES TAX FOR FOREIGNERS

service and is received by a service recipient after the provision of a service.

packaging of goods sold during the previous reporting period.



[Natural Resources Tax Law](#)

[Packaging Law](#)

[Cabinet Regulation No 140 of 2 April 2002 "Packaging Classification and Marking Regulations"](#)

Taxpayer

1. Foreign merchants who are not obliged to register themselves at the State Revenue Service.



The provisions of [Section 27, Paragraphs nine and ten](#) of the Natural Resources Tax Law apply to foreign merchants who are not obliged to register themselves at the State Revenue Service.

1.1. If a foreign person who is not registered as a taxpayer at the State Revenue Service is the first to sell goods harmful to the environment or goods in packaging or to use them for ensuring its economic activities in the territory of the Republic of Latvia ([Section 27, Paragraph nine](#) of the Natural Resources Tax Law):

- [the permanent establishment of the foreign person, the recipient of goods or other person in Latvia](#) with whom a written agreement regarding the assumption of liabilities in relation to the tax has been entered into shall submit a **report** on the calculated natural resources tax instead of the foreign person;
- **the permanent establishment of the foreign person, the recipient of goods or other person in Latvia** with whom a written agreement regarding the assumption of liabilities in relation to the tax has been entered into shall **pay the tax** instead of the foreign person;

Example 4

A foreign merchant TRADING SA imports raw materials in packaging into Latvia for ensuring the manufacturing process; moreover, its partner Latvian company SIA INPLASTIC only manufactures goods on behalf of TRADING SA without becoming the owner of raw materials and manufactured goods.

In this case, it cannot be deemed that the Latvian company is a person who uses goods (raw materials) in its economic activities and sells its goods in packaging in the territory of the Republic of Latvia. The obligation to pay the natural resources tax for the packaging of raw materials imported into Latvia and the packaging of finished goods sold in Latvia is imposed on the foreign company TRADING SA.

The company TRADING SA is not registered at the State Revenue Service as a taxpayer.

In this case, TRADING SA must agree in an agreement with its partner in Latvia SIA INPLASTIC on that obligations for natural resources tax payments shall be undertaken by the Latvian company SIA INPLASTIC.

1.2. If a foreign person who is not registered as a taxpayer at the State Revenue Service and does not have a permanent establishment or who has not entered into a written agreement regarding the assumption of liabilities in relation to the tax sell goods harmful to the environment or goods in packaging or uses them for ensuring economic activities thereof in the territory of the Republic of Latvia ([Section 27, Paragraph ten](#) of the Natural Resources Tax Law):

- **the foreign person shall not submit** a report on the calculated natural resources **tax**;
- **the tax** into the State budget **shall be paid by the foreign person itself**.

2. Foreign merchants who are obliged to register themselves at the State Revenue Service.



In such case, the provisions of [Section 27, Paragraphs nine and ten](#) of the Natural Resources Tax Law do not apply.

A foreign person who is the first to sell goods harmful to the environment or goods in packaging or to use them for ensuring its economic activities in the territory of the Republic of Latvia and who is registered or had to register itself in accordance with laws and regulations in the Value Added Tax Taxable Person Register of the State Revenue Service **shall submit a report** on the calculated natural resources tax and **make tax payments** pursuant to general procedures ([Section 27, Paragraphs two and three of the Natural Resources Tax Law](#)).



[Natural Resources Tax Law](#)

Tax Rate

Natural resources tax rates for **goods harmful to the environment** are set in [Annex 6](#) to the Natural Resources Tax Law.

No	Tax base	Rate <i>(euro per 1 kg)</i>
1.	Lubricating oils	0.17
2.	Electric batteries and galvanic power sources (including those that are incorporated in appliances and vehicles):	
2.1.	electric batteries, lead	0.74
2.2.	electric batteries, Ni-Cd and Fe-Ni	4.00
2.3.	galvanic elements and galvanic pile	11.00
2.4.	other electric batteries	17.03
3.	Substances depleting the ozone layer (freons, halons and others) (odp — ozone depletion potential)	2.22 kg odp
4.	All types of tyres	0.66
5.	Oil filters	0.33
6.	Electrical and electronic equipment in accordance with Section 24, Paragraph one of the Waste Management Law	
6.1.	Category 1. Temperature exchange equipment	2.50
6.2.	Category 2. Screens, monitors, and equipment containing screens having a surface greater than 100 cm ²	3.50
6.3.	Category 3. Light bulbs	8.58
6.4.	Category 4. Large equipment (any external dimension greater than 50 cm), including household appliances, IT and telecommunication equipment, consumer equipment, luminaires, equipment reproducing sound or images, musical equipment, electrical and electronic tools, toys, leisure and sports equipment, medical devices, monitoring and control instruments, automatic dispensers, equipment for the generation of electric currents and other equipment (except for the equipment falling under Category 1, 2 and 3 of this Annex)	3.00
6.5.	Category 5. Small equipment (no external dimension greater than 50 cm), including household appliances, consumer audio-video equipment, luminaires, equipment reproducing sound or images, musical equipment, electrical and electronic tools, toys, leisure and sports equipment, medical devices, monitoring and control instruments, automatic dispensers,	3.00

NATURAL RESOURCES TAX FOR FOREIGNERS

	equipment for the generation of electric currents and other equipment (except for the equipment falling under Category 1, 2, 3 and 6 of this Annex)	
6.6.	Category 6. Small information technology and telecommunication equipment (no external dimension greater than 50 cm)	3.50

Natural resources tax rates **for the packaging of goods and products** are set in [Annex 7 to the Natural Resources Tax Law](#), and **plastic carrier bags** are subject to the rate determined in [Section 24, Paragraph five](#) of the Natural Resources Tax Law.

Tax base	Rate <i>(euro per 1 kg of material)</i>
Of glass raw materials	0.44
Of plastic (polymer) raw materials, except bioplastic or polystyrene raw materials	1.22
Of metal raw materials	1.10
Of wood, paper and cardboard or other natural fibre and bioplastic raw materials	0.24
Of polystyrene raw materials	2.20
Lightweight plastic carrier bags added by a merchant to the set of packed or non-packed goods or products (purchase) for the sake of customers' convenience or advertising design	4.80
Plastic carrier bags with the thickness of the material exceeding 50 microns and the weight of one bag exceeding three grams (the weight of 1,000 bags exceeding three kilograms), the weight of one bag not exceeding 0.003 kilograms (the weight of 1,000 bags not exceeding three kilograms) and which are added by a merchant to the set of packed or non-packed goods for the sake of customers' convenience or advertising design	1.50
Per packaging, if the type and weight of the packaging raw material cannot be substantiated by accounting documents and the volume of packaging does not exceed 300 kg per year	120 euro per year



[Natural Resources Tax Law](#)

Calculation, Declaration and Payment Procedures

CALCULATION



- The natural resources tax for goods harmful to the environment is calculated according to tax rates for the types of goods, and the tax for packaging is calculated according to tax rates for each weight unit of the type of packaging material, i.e., the following mathematical operation is performed:

$$\text{natural resources tax rate (euro)} * \text{kg}$$

TAXATION PERIOD



- The taxation period is a calendar **quarter** or **year** (if the annual tax calculated according to base rates does not exceed 142.29 euro).

REPORT



- The form (annex) of the report on the calculated natural resources tax, its completion and submission procedures are laid down in Cabinet Regulation No 404 of 19 June 2007 "Procedures for the Calculation and Payment of Natural Resources Tax, the Issuance of Permits for Use of Natural Resources and the Auditing of Management Systems" (Annex 1).

DECLARATION



- A report on the calculated natural resources tax shall be submitted **once a quarter by the 20th date of the following month.**
- Taxpayers for whom the annual natural resources tax calculated according to base rates does not exceed 142.29 euro shall submit the report **by 20 January of the following year.**

PAYMENT



- The tax for the previous quarter shall be paid into the State budget **by the 20th date of the following month.**
- Taxpayers for whom the annual natural resources tax calculated according to base rates does not exceed 142.29 euro shall pay the tax for the current year **by 20 January of the following year.**

The tax shall be transferred to a **specific** State budget account of the State Revenue Service.

**NATURAL RESOURCES TAX
FOR FOREIGNERS**

Beneficiary:	State Treasury (budget payments)
Registration number:	90000050138
Account (IBAN):	LV96TREL1060000553200 Natural resources tax for goods harmful to the environment
	LV15TREL1060000553300 Natural resources tax for the packaging of goods
BIC code:	TRELLV22



[Natural Resources Tax Law](#)

[Cabinet Regulation No 404 of 19 June 2007 "Procedures for the Calculation and Payment of Natural Resources Tax, the Issuance of Permits for Use of Natural Resources and the Auditing of Management Systems"](#)